

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Final FY 2004 Budget — Board Office
Date: July 7, 2003

Recommended Actions:

1. Approve the final FY 2004 operating budget of the Board Office in the amount of \$2,489,077 from all funds.
 2. Direct the institutions to include Board Office reimbursement levels as contemplated in the Board Office budget in institutional FY 2004 final budgets.
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Executive Summary:

The FY 2004 operating budget totals slightly under \$2.5 million. This includes state appropriations of \$1.2 million, same as FY 2003, and institutional allocations of \$1.3 million, which also represents the same level as FY 2003.

Budgeted expenditures have been reallocated to better address issues related to the Board's new strategic plan, especially in the areas of outreach and communications, as well as to address internal workload issues. Substantial savings in special services, which include organizational audit, bargaining, and attorney general reimbursement in FY 2003, have been reallocated to staff salaries, travel, outside services and educational training in FY 2004.

The institutional reimbursement income figures and Board Office expenditures are both reduced by \$59,500 from the preliminary budget presented last month.

Background:

Purpose

The Board Office is responsible for the implementation of the Board's governance strategies. The staff of the Board of Regents provides professional and administrative support to the Board through review, analysis, and policy recommendations on all matters coming before the Board.

The Board Office works closely with the Regent institutions in executing its responsibilities to the Board.

The Board Office budget was revised for FY 2003 to provide a more complete budget tracking system for all revenue and expenditures.

The total cost of expenses of the Board, including meetings, and the Board Office is .8% of enterprise expenditures. The Board has one of the smallest staffs in the nation.

**Board Budget
Process**

In May, the Board considered policy issues related to the construction of FY 2004 budgets. In June, detailed FY 2004 budgets are presented to the Board for consideration.

In July, final budgets are presented for approval.

Analysis:

FY 2003 Status

The Board Office anticipates that actual expenditures for FY 2003 will be under budget by 2-3%, or about \$60,000. This means that estimated institutional reimbursements for the current fiscal year can be reduced under budget.

These reductions will be realized in large part because of delays in filling vacant staff positions while searches were performed. The Board Office expects these positions to be filled soon, as the searches and screening procedures are being completed.

**FY 2004 Proposed
Budget**

For FY 2004, the Board Office budget anticipates revenues of \$2.5 million, approximately the same as the FY 2003 budget.

Revenue Sources

State appropriations will remain at exactly the same dollar amount as FY 2003. The state has not provided any funding for salary increases for the Board Office.

The Board Office plans to hold the institutional reimbursements at the FY 2003 budgeted level. These reimbursements are split among the five institutions based on an existing allocation formula. The proposed allocations to the Regent institutions for FY 2004 are listed below:

Institutional Allocations	
University of Iowa	\$515,624
Iowa State University	497,277
University of Northern Iowa	234,815
Iowa School for the Deaf	29,882
Iowa Braille & Sight Saving School	15,727
	<u>\$ 1,293,325</u>

Expenditures


The budgeted expenditures for the Board Office in FY 2004 reflect a number of internal reallocations to meet projected needs greater than the increase in revenues. These include mostly items designed to improve the working capacity of the staff.

- Salary and benefit increases for staff, in light of no state appropriations for this purpose. The Board Office staff annual evaluation process is complete, and the total projected increase in salaries for the staff is approximately 2%. Benefit costs are also projected to rise.
- The proposed budget establishes a new full-time position in the business and finance unit to meet increased workload.
- To assist in meeting an anticipated increase in workload partially related to economic growth and strategic plan outreach and promotion, a communications intern will be utilized during a portion of the coming year.
- This budget proposes to create an education and training fund to cover costs of deferred skills upgrades desired for all staff. A Board Office policy is currently in place but no budgeted resources are available to support the costs.

These items are funded in the proposed budget by reallocations from the expenditure category of special services and outside consulting.


Christine Schnell

Approved:


Gregory S. Nichols

BOARD OFFICE - FINAL BUDGET - FY 2004

	FY 2003 Final Budget	FY 2004 Final Budget
TOTAL BOARD OFFICE BUDGET		
Income		
State Appropriations	1,190,152	1,190,152
Institutional Reimbursements ¹	1,293,325	1,293,325
Non-institutional	3,500	3,500
Principal Demutalization	<u>3,081</u>	<u>2,100</u>
	<u>2,490,058</u>	<u>2,489,077</u>
Expenditure		
Personnel		
Board Office Staff	1,406,993	1,438,786
Regents per diem	5,000	5,000
Fringe benefits	368,362	387,908
Principal Demutalization	<u>3,081</u>	<u>2,100</u>
sub-total	1,783,436	1,833,794
Travel	39,150	45,650
Office Supply, Print & Dues	38,000	47,000
Advertising	750	5,750
Communications	30,000	30,000
Outside Services	18,760	23,760
Workers Comp	4,175	4,175
Outside Repairs	150	150
Data Processing	31,063	31,063
Office Equipment	5,500	12,000
Office Space	94,000	94,000
Educational/Training Expense		17,500
Special Services	<u>445,074</u>	<u>344,235</u>
sub-total	706,622	655,283
Grand Total Expenditures	<u>2,490,058</u>	<u>2,489,077</u>

¹Attorney General, MGT and IDOP Bargaining included in FY 2003 Institutional Billings.